

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 18524 170843Z
ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 ERDA-05 AID-05 CEA-01 CIEP-01
COME-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-03 NSC-05
OMB-01 PM-04 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-07 /091 W

----- 040792 /13

O 170808Z DEC 76
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 4275

C O N F I D E N T I A L TOKYO 18524

E.O. 11652: GDS
TAGS: ENRG JA
SUBJECT: OPEC PRICE DECISION: JAPANESE STATEMENT.

REF: (A) TOKYO 18421; B(B) STATE 304805

1. SUMMARY. MITI MINISTER KOMOTO PLANS TO MAKE STATEMENT FOLLOWING OFFICIAL ANNOUNCEMENT OF OPEC DECISION ON PRICE INCREASE. STATEMENT WILL EXPRESS "REGRET", "CONCERN", OR "WELCOME", DEPENDING ON PRICE DECISION. FOREIGN OFFICE WILL COMMENT ON IF ASKED BASIS. END SUMMARY.

2. KINOSHITA GRATEFUL FOR INFORMATION THAT U.S. PLANS MAKE STATEMENT FOLLOWING PRICE DECISION. HE SAID JAPAN WOULD ALSO MAKE STATEMENT, AND OUTLINED THREE FORMULATIONS WHICH MITI NOW CONSIDERING: A STRONG STATEMENT REGRETTING DECISION, IF PRICE RISE IS TEN PERCENT OR OVER; A MORE MODERATE STATEMENT EXPRESSING CONCERN, IF INCREASE IS UPPER TEN PERCENT; AND A WELCOMING STATEMENT IN (UNLIKELY) EVENT THAT THERE IS A FREEZE. DURING LATER CALL AT FOREIGN OFFICE, KARITA FURNISHED US WITH CLEARED TEXT OF THREE FORMULATIONS FOR STATEMENT WHICH WILL BE MADE BY MITI MINISTER KOMOTO, DEPENDING ON ACTUAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 18524 170843Z

DECISION ON PRICES.

3. FOLLOWING ARE UNOFFICIAL EMBASSY TRANSLATIONS OF THREE MITI TEXTS:

(A) IF THERE IS A FREEZE: "IT WAS A FAVORABLE THING FOR JAPAN THAT AT THE OPEC MEETING AT DOHA, A DECISION WAS MADE THAT FOR THE

TIME BEING THERE WOULD BE NO CHANGE IN THE PRICE OF OIL IN VIEW OF THE CURRENT TRENDS IN THE WORLD ECONOMY, PARTICULARLY IN THE ECONOMIES OF THE NON-OIL PRODUCING DEVELOPING COUNTRIES. OUR COUNTRY INTENDS TO PROCEED WITH DISCUSSIONS WITH OIL PRODUCING COUNTRIES ON BOTH A BILATERAL AND MULTILATERAL BASIS (SUCH AS IN CIEC) AND WILL WORK FOR IMPROVED MUTUAL UNDERSTANDING."

(B) IF THE INCREASE IS 10 PERCENT OR MORE:

"AT THE OPEC MEETING IN DOHA IT WAS DECIDED TO RAISE THE PRICE OF OIL BY (BLANK) PERCENT. THIS DECISION CAN DELAY THE PACE OF RECOVERY IN THE WORLD ECONOMY, SLOW DOWN THE GROWTH RATE, AND IMPACT SEVERELY ON THE ECONOMY OF THE LDCS. AS FAR AS JAPAN IS CONCERNED, THE OPEC PRICE INCREASE WILL MEAN A FOREIGN EXCHANGE BILL OF DOLS (BLANK), DELAY OUR OWN ECONOMIC RECOVERY, AND INCREASE COMMODITY PRICES, AND THE ECONOMIC BURDEN ON OUR PEOPLE. FROM THIS POINT OF VIEW I FEEL THE OPEC PRICE INCREASE IS VERY REGRETTABLE. (ASTERISK)

"OUR MINISTRY INTENDS TO TAKE MEASURES NECESSARY TO EASE THE IMPACT OF SUCH PRICE INCREASES ON THE NATIONAL ECONOMY. THESE STEPS WOULD INCLUDE ECONOMIC POLICIES WHICH WOULD BE FLEXIBLE ENOUGH TO COPE WITH ANY NEW AND CHANGING SITUATION. AT THE SAME TIME, JAPAN, AS A COUNTRY WHICH DEPENDS FOR PRACTICALLY ALL ITS OIL SUPPLY ON FOREIGN SOURCES, WILL WORK HARDER TO DEVELOP MORE EFFICIENT USES OF ENERGY, AND STABLE AND STEADY SOURCES OF SUPPLY.

"BECAUSE OF THE IMPORTANCE OF ENERGY PROBLEMS IN INTERNATIONAL RELATIONS, JAPAN PLANS TO CONTRINUE ITS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 18524 170843Z

EFFORTS IN THE DIALOGUE BETWEEN THE OIL PRODUCING COUNTRIES AND THE LDCS ON A MULTILATERAL BASIS, SUCH AS CIEC, WHOSE MINISTERIAL MEETING WILL BE HELD NEXT YEAR, SO THAT THE WORLD ECONOMY WILL BE ABLE TO EXPAND IN A STABLE MANNER.

(C) IF THE PRICE INCREASE IS LESS THAN TEN PERCENT, THE TEXT WOULD BE THE SAME AS THE ABOVE (B), EXCEPT THAT INSTEAD OF THE SENTENCE MARKED WITH AN ASTERISK, THE FOLLOWING WOULD BE SUBSTITUTED "IT IS A MATTER OF GREAT CONCERN."

4. FOLLOWING IS UNOFFICIAL EMBASSY TRANSLATION OF TEXT OF STATEMENT WHICH FOREIGN OFFICE WILL USE ONLY IN REPLY TO INQUIREIES. KARITA SAID THIS TEXT ASSUMES AN INCREASED OF FIVE PERCENT TO TEN PERCENT. SHOULD THE ACTUAL DECISION BE HIGHER OR LOWER THAN THIS RANGE, THE GUIDANCE WILL BE MODIFIED. HE SAID THIS TEXT (AND THE MITI

TEXT) HAD BEEN CABLED TO JAPANESE EMBASSY IN WASHINGTON.
BEGIN TEXT. "I UNDERSTAND THAT AT THE OPEC MEETING A
DOLS (BLANK) INCREASE IN THE PRICE OF CRUDE OIL HAS BEEN
DECIDED UPON. (NOTE: THE CURRENT PRICE OF ARABIAN
LIGHT--THE STANDARD--IS DOLS 11.51 PER BARREL). I BELIEVE
THAT THE OPEC DECISION WILL HAVE ADVERSE EFFECTS ON THE
WORLD ECONOMY, PARTICULARLY ON THAT OF THE NON-OIL
PRODUCING COUNTRIES, ESPECIALLY AT THIS CRUCIAL TIME WHEN
THE WORLD ECONOMY IS ON THE POINT OF RECOVERING FROM AN
UNPRECEDENTED RECESSION AND MOVING TOWARDS MORE STABILIZED
GROWTH. (NOTE: IN CASE THE INCREASE EXCEEDS TEN PERCENT,
THE MINISTER SHOULD MAKE MORE EMPHATIC JAPAN'S CONCERN).
"AS FAR AS JAPAN IS CONCERNED, WE HOPE THE OPEC MEMBERS ARE
DULY COGNIZANT OF THE IMPORTANT POSITIONS AS SUPPLIERS
OF OIL WHICH IS SO ESSENTIAL TO THE STABLIZATION OF WORLD
ECONOMIC GROWTH.
"IT WILL BE SOME TIME BEFORE WE CAN ANALYZE THE EFFECT OF
THE OPEC DECISION ON THE JAPANESE ECONOMY. HOWEVER, THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TOKYO 18524 170843Z

IMMEDIATE EFFECT WILL BE AN INCREASE OF DOLS (BLANK)
BILLION IN PAYMENTS FOR CRUDE OIL IMPORTS. (NOTE: IF
THE INCREASE IS TEN PERCENT, JAPAN'S PAYMENTS WOULD INCREASE
BY ABOUT DOLS 2 BILLION.) INDIRECT MULTIPLIER EFFECTS
WILL ALSO BE ANTICIPATED.
"WE WOULD HOPE TO MINIMIZE THE EFFECTS OF OIL PRICE INCREASE
THROUGH THE ESTABLISHMENT OF HARMONIOUS INTERNATIONAL
TIES WITH OIL PRODUCING COUNTRIES THROUGH SUCH
MULTILATERAL DISCUSSIONS AS THE CIEC SCHEDULED FOR NEXT
YEAR." END TEXT.

5. KARITA AND KINOSHITA ARE SKEPTICAL OF UPI/KYODO REPORTS FROM DOHA
THAT A TWO TIER SYSTEM HAS BEEN AGREED UPON. NOT ONLY
WOULD THIS SIGNAL A SERIOUS SPLIT IN OPEC, HE FEELS,
BUT IT WOULD MEAN THAT THE HAWKS HAD REDUCED THEIR
DEMANDS WITHOUT A CORRESPONDING INCREASE IN THE SAUDI
DEMAND. HE EXPECTS THE FINAL DECISION TO COMPROMISE ON ONE
PRICE SOMEWHERE BETWEEN FIVE PERCENT AND
TEN PERCENT. THE OFFICIAL ANNOUNCEMENT, HE FEELS, COULD
WELL COME AROUND NOON, DOHA TIME (6 P.M. JAPAN TIME,
FRIDAY).

6. PLEASE DO NOT RELEASE TEXT OF ANY OF THESE STATEMENTS.
HODGSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, POLICIES, PETROLEUM PRODUCTS, TEXT, GOVERNMENT REACTIONS, PRICE INDEXES, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO18524
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760464-0448
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761231/aaaabaxc.tel
Line Count: 163
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 TOKYO 18421, 76 STATE 304805
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAY 2004 by ShawDG>; APPROVED <27 SEP 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC PRICE DECISION: JAPANESE STATEMENT.
TAGS: ENRG, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006